

Subpart F—Miscellaneous

§ 1600.17 CSRS employees who are appointed without a break in service to a position mandatorily covered by Social Security and who are consequently covered by either FERS or the CSRS offset system.

(a) CSRS employees who are appointed to a position mandatorily covered by Social Security, who are consequently required by law to become subject to FERS as a result of such appointment, and who do not have a break in employment of more than three calendar days between their old and new positions, will be eligible to make a new election to participate as a FERS employee in the Thrift Savings Plan under this part, under the rules and conditions described in § 1600.12.

(b) CSRS employees who are appointed to a position mandatorily covered by Social Security, who are required by law to become subject to the CSRS offset system as a result of such appointment, and who do not have a break in employment of more than three calendar days between the old and new positions will be eligible to participate as an employee under CSRS offset in this new position. They may not make any special election to participate in the Thrift Savings Plan as a result of such appointment. These officials shall continue to be treated as CSRS employees under this part.

§ 1600.18 Reemployed participants who had previously terminated TSP contributions.

An employee reemployed by an agency after terminating contributions to the Thrift Savings Plan pursuant to § 1600.5 shall be eligible to contribute to the Thrift Savings Plan under the provisions of § 1600.3(c) (in the case of FERS employees) and § 1600.13(c) (in the case of CSRS employees).

PART 1601—PARTICIPANTS' CHOICES OF INVESTMENT FUNDS

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AUTHORITY: 5 U.S.C. 8351, 8438, 8474 (b)(5) and (c)(1).

SOURCE: 56 FR 594, Jan. 7, 1991, unless otherwise noted.

Subpart A—Definitions

§ 1601.1 Definitions.

Account balance means the amount of money in a participant's Thrift Savings Plan account as of the effective date of an interfund transfer;

Acknowledgment of risk means an acknowledgment that any investment in the C Fund or the F Fund is made at the participant's risk, that the participant is not protected by the United States Government or the Board against any loss on the investment, and that neither the United States Government nor the Board guarantees any return on the investment.

Agency Automatic (1%) Contributions means any contributions made under 5 U.S.C. 8432(c)(1) or 5 U.S.C. 8432(c)(3);

Agency Matching Contributions means any contributions made under 5 U.S.C. 8432(c)(2);

Allocation election means an election by a participant of the percentages of new contributions to his or her account that are to be invested in the C Fund, F Fund and/or G Fund;

Board means the Federal Retirement Thrift Investment Board.

C Fund means the Common Stock Index Investment Fund established under 5 U.S.C. 8438(b)(1)(C);

Calendar year means the period from and including January 1 through and including December 31 of any year;

CSRS means the Civil Service Retirement System established by subchapter III of chapter 83 of title 5,

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U.S.C., and any equivalent Federal Government retirement plans;

CSRS employee or *CSRS participant* means any employee or participant covered by CSRS or an equivalent Federal Government retirement plan, including employees authorized to contribute to the Thrift Savings Plan under 5 U.S.C. 8351, 5 U.S.C. 8440a, or 5 U.S.C. 8440b.

Election period means the last calendar month of an open season and is the earliest period in which a choice to make or change an election (other than an election to terminate contributions) during that open season can become effective;

Election Form means Form TSP-1;

Employee Contributions means any contributions made pursuant to 5 U.S.C. 8432(a), 5 U.S.C. 8351, 5 U.S.C. 8440a, or 5 U.S.C. 8440b.

Employer Contributions means Agency Automatic (1%) Contributions and Agency Matching Contributions;

FERS means the Federal Employees' Retirement System established by chapter 84 of title 5, U.S.C., and any equivalent Federal Government retirement plans;

FERS employee or *FERS participant* means any employee or participant covered by FERS or an equivalent Federal Government retirement plan;

F Fund means the Fixed Income Investment Fund established under 5 U.S.C. 8438(b)(1)(B);

G Fund means the Government Securities Investment Fund established under 5 U.S.C. 8438(b)(1)(A);

Interfund transfer means the redistribution of a participant's existing account balance among the three investment funds;

Interfund Transfer Request means submission of a properly completed Interfund Transfer Request (Form TSP-30) or proper entry of an interfund transfer through use of the ThriftLine.

Investment fund means the C Fund, the F Fund, or the G Fund;

Open season means the period during which employees may choose to begin making contributions to the Thrift Savings Plan, to change or discontinue (without losing the right to recommence contributions the next open season) the amount of Employee Contributions currently being contributed to

the Thrift Savings Plan, or to allocate new Employee and Employer Contributions to the Thrift Savings Plan among the investment funds;

Participant means any person with an account in the Thrift Savings Fund or who would have an account but for an employing agency error;

Source of contributions means Employee Contributions, Agency Automatic (1%) Contributions, or Agency Matching Contributions;

Thrift Savings Fund or *Fund* means the Fund described in 5 U.S.C. 8437;

Thrift Savings Plan, TSP, or Plan means the Federal Retirement Thrift Savings Plan established by the Federal Employees' Retirement System Act of 1986, codified in pertinent part at 5 U.S.C. 8431 *et seq.*

ThriftLine means the automated voice response system by which TSP participants may, among other things, make interfund transfer requests by telephone.

TSP recordkeeper means the entity that is engaged by the Board to perform recordkeeping services for the Thrift Savings Plan. As of the date of publication of this part 1606, the TSP recordkeeper is the National Finance Center, Office of Finance and Management, United States Department of Agriculture, located in New Orleans, Louisiana.

[56 FR 594, Jan. 7, 1991, as amended at 60 FR 36633, July 17, 1995]

Subpart B—Investing New Contributions

§ 1601.2 Investing new contributions in the TSP investment funds.

(a) *Removal of investment restrictions.* Pursuant to section 3 of the Thrift Savings Plan Technical Amendments Act of 1990 (TSPTAA), Public Law 101-335, beginning with the first full pay period starting on or after January 1, 1991, all FERS and CSRS participants may invest all or any portion of their new Employee Contributions in the C Fund, the F Fund, and/or the G Fund. FERS participants may also invest their new Agency Automatic (1%) Contributions and Agency Matching Contributions in the C Fund, the F Fund, and/or the G Fund.

(b) *Allocation elections.* Each participant may indicate his or her choice of investment funds by completing an Election Form (TSP-1). The Election Form must be accepted by the employing agency in accordance with this part and with regulations then governing employee elections to contribute to the Thrift Savings Plan (5 CFR part 1600) and will be processed as provided in those regulations. The following rules apply to allocation elections:

(1) The percentages elected by a participant for investment of new contributions in the C Fund, F Fund and/or G Fund must be applied to Employee Contributions, Agency Automatic (1%) Contributions, and Agency Matching Contributions. Different percentage elections may not be made for different sources of contributions;

(2) Contributions may be directed to be invested in the C Fund, F Fund and/or G Fund only as a percentage of contributions to the TSP each pay period, and the allocation percentages may only be in 5 percent increments. The sum of the percentages elected for the three investment funds must equal 100%;

(3) Except in the case of a CSRS participant who has submitted an Election Form which contains an election to terminate contributions, an allocation election must be made on every Election Form in order for that Election Form to be accepted by the employing agency;

(4) In order to be accepted by the employing agency, an Election Form submitted by a FERS participant must:

(i) Contain an election to contribute a whole dollar amount or a percentage of basic pay each pay period; or

(ii) Contain an election to terminate Employee Contributions; or

(iii) Indicate that the participant has not been making Employee Contributions and that the participant is not choosing to start making Employee Contributions on that Election Form;

(5) In order to be accepted by the employing agency, an Election Form submitted by a CSRS employee must:

(i) Contain an election to contribute a whole dollar amount or a percentage of basic pay each pay period; or

(ii) Contain an election to terminate Employee Contributions;

(6) Any participant who elects to invest any contributions in the C Fund and/or F Fund must sign the acknowledgement on the Election Form that the investment is made at the participant's risk, that the participant is not protected by the United States Government or the Board against any loss on the investment, and that neither the United States Government nor the Board guarantees any return on the investment. If the acknowledgement of risk section of the Election Form is not signed when required, the Election Form will not be accepted;

(7) If an Election Form completed by a participant does not comply with all of the provisions of paragraphs (b)(1) through (b)(6) of this section, the Election Form will have no effect and must be returned to the participant by the employing agency. Except as provided in paragraph (c) of this section, no changes in the investment of new contributions will be made effective unless a properly completed Election Form is accepted in accordance with this Part and the regulations governing employee elections to contribute to the Thrift Savings Plan (5 CFR part 1600).

(8) An election to terminate Employee Contributions must, in accordance with 5 CFR 1600.7, be made effective so that the Employee Contributions will be terminated with respect to basic pay earned in the pay period following the pay period in which the employing agency accepts the Election Form. In the case of termination by a FERS participant, the allocation election on the Election Form must be made effective with respect to Agency Automatic (1%) Contributions for the pay period following the pay period in which the employing agency accepted the Election Form.

(9) All Agency Automatic (1%) Contributions made on behalf of FERS participants who do not have an allocation election in effect must be reported by the employing agency for investment in the G Fund;

(10) Except as provided in paragraph (c) of this section, once an Election Form becomes effective, it remains effective until superseded by a subsequent Election Form or until the employee separates from service.

(c) *Transition rule.* Beginning with the first full pay period starting on or after January 1, 1991, all new contributions to any participant's account which are made pursuant to an Election Form that was made effective prior to the first full pay period starting on or after January 1, 1991, must be reported by the employing agency for investment in the G Fund unless the participant has made a different allocation election during the open season commencing November 15, 1990 and ending on January 31, 1991, which is effective as of the first full pay period starting on or after January 1, 1991. Where contributions to a participant's account are invested in the G Fund pursuant to this paragraph, new contributions to the participant's account must continue to be reported by the employing agency for investment in the G Fund unless and until a new allocation election is made effective. For open seasons subsequent to the open season commencing November 15, 1990 and ending on January 31, 1991, a participant who does not wish to change his or her current allocation election does not need to submit a new Election Form.

(d) *Contributions for pre-1987 service.* Any other provision of this section notwithstanding, any Agency Automatic (1%) Contributions made pursuant to 5 U.S.C. 8432(c)(3) must be reported by the employing agency for investment in the G Fund, regardless of any allocation election that may be in effect at the time the contribution is made.

§ 1601.3 Erroneous investment of contributions.

Where employing agency errors have caused money to be invested in an incorrect investment fund, correction of such error must be accomplished exclusively through the procedures described in 5 CFR part 1606.

Subpart C—Interfund Transfers

§ 1601.4 Eligibility to redistribute money among the three investment funds.

(a) Subpart C of this part applies only to redistributing participants' existing account balances among the C Fund, F Fund, and G Fund. Subpart C

of this part does not apply to participants' choice of the investment funds in which new contributions are to be invested; those choices are covered in subpart B of this part.

(b) *Removal of investment restrictions.* Pursuant to section 3 of the Thrift Savings Plan Technical Amendments Act of 1990 (TSPTAA), Public Law 101-335, starting December 31, 1990 FERS and CSRS participants may, in accordance with this part, invest all or any portion of their account balances in the C Fund, F Fund, or G Fund. Interfund transfer elections will be applied to participants' Employee Contributions, Agency Automatic (1%) Contributions, Agency Matching Contributions, and earnings attributable to all three sources of contributions.

[56 FR 594, Jan. 7, 1991, as amended at 60 FR 47837, Sept. 14, 1995]

§ 1601.5 Methods of requesting an interfund transfer.

(a) To make an interfund transfer, participants may either submit to the TSP recordkeeper a properly completed Interfund Transfer Request (Form TSP-30), or may enter the interfund transfer request over the telephone by using the ThriftLine. Forms TSP-30 generated prior to October 1990, which were preprinted with a participant's name and address, described restrictions on the amounts which could be invested in the C Fund and the F Fund, and specified an effective date for the interfund transfer, are obsolete forms. They will be rejected by the TSP recordkeeper if submitted to make an interfund transfer request. Similarly, Form TSP-30-S, which was designed for use only by certain FERS participants to make interfund transfers effective as of the end of December 1990, are obsolete forms which will be rejected by the TSP recordkeeper if submitted to make an interfund transfer request.

(b) To make an interfund transfer request, a participant must designate the percentages of his or her account balance that are to be invested in the C Fund, the F Fund, and/or the G Fund. The percentages selected by the participant must be in multiples of 5 percent and must total 100 percent. An interfund transfer request has no effect

on contributions made by a participant after the effective date of the interfund transfer (as determined in accordance with § 1601.6); such subsequent contributions will continue to be allocated among the investment funds in accordance with the participant's election under subpart B of this part.

(c) The percentages elected by the participant will be applied to the participant's account balance attributable to each source of contributions as of the effective date of the interfund transfer, as determined in accordance with § 1601.6.

(d) Participants who have at any time in the past invested any portion of their TSP accounts in the C Fund or the F Fund are eligible to make interfund transfer requests using the ThriftLine since they must, at some previous time, have submitted an Acknowledgment of Risk; such participants need not, if using Form TSP-30 to make a written interfund transfer request, complete the section of the form that contains the acknowledgment of risk. Participants who have not at any time in the past invested any portion of their TSP accounts in the C Fund or the F Fund are not eligible to make interfund transfers using the ThriftLine until a properly completed Acknowledgment of Risk for ThriftLine Interfund Transfer (Form TSP-32) has been received by the TSP recordkeeper. Participants who have not at any time in the past invested any portion of their TSP accounts in the C Fund or the F Fund must complete the Acknowledgment of Risk section of Form TSP-30 if they make a written interfund transfer request, unless a properly completed Form TSP-32 has been received by the TSP recordkeeper.

(e) An Interfund Transfer Request (Form TSP-30) that has been submitted to the TSP recordkeeper will not be processed and will have no effect, if:

(1) It is not signed and dated, or otherwise is not properly completed in accordance with the instructions on the form; or

(2) In the case of a participant who has not previously invested any portion of his or her TSP account in the C Fund or the F Fund and for whom a properly completed Form TSP-32 has

not been received by the TSP recordkeeper, the acknowledgment of risk section of the Form TSP-30 is not signed; or

(3) The participant is not otherwise eligible to make an interfund transfer (e.g., because he or she is scheduled for a withdrawal of the entire account balance).

(f) If a Form TSP-30 is rejected, the form will have no effect. The participant will be provided with a brief written statement of the reason the form was rejected.

[60 FR 36633, July 17, 1995]

§ 1601.6 Timing and effective dates of interfund transfers.

(a) *Annual limit.* A participant may have no more than twelve interfund transfers made effective during any calendar year, one in each calendar month.

(b) *Effective dates.* Interfund transfer requests received by the TSP recordkeeper (whether by Form TSP-30 or on the ThriftLine) on or before the 15th day of a month (or, if the 15th day is not a business day, by the next business day) shall be effective as of the end of the month during which the interfund transfer request was received. Interfund transfer requests received by the TSP recordkeeper after the 15th day of a month (or, if applicable, by the next business day) will be effective as of the end of the month following the month during which the interfund transfer request was received. Account balances that are reallocated among the investment funds effective as of the end of any month will reflect the effects of all other account activity posted to the account effective during or as of the end of that month.

(c) *Multiple interfund transfer requests.*

(1) If two or more properly completed interfund transfer requests with different dates (as determined by paragraph (c)(3) of this section) are received for the same participant after the 15th day of one month (or, if applicable, after the next business day), but on or before the 15th day of the next month (or, if applicable, the next business day), the interfund transfer request with the latest date (as determined by paragraph (c)(3) of this section) will be made effective and the earlier

interfund transfer request(s) will be superseded.

(2) If two or more properly completed interfund transfer requests with the same dates are received for the same participant after the 15th day of one month (or, if applicable, after the next business day), but on or before the 15th day of the next month (or, if applicable, the next business day), the following rules shall apply:

(i) If one or more of the interfund transfer requests was submitted using the ThriftLine and one or more was made on Form TSP-30, the request(s) made on the ThriftLine will supersede the request(s) made on Form TSP-30;

(ii) If more than one of the interfund transfer requests were made on the ThriftLine, the request entered at the latest time of day will supersede the earlier request(s); and

(iii) If more than one of the interfund transfer requests were submitted using Form TSP-30, all such forms will be rejected, unless they all contain identical percentage allocations among the TSP investment funds, in which case one will be accepted.

(3) For purposes of determining the date of an interfund transfer request:

(i) The date of an interfund transfer request made on the ThriftLine is the date of its telephone entry;

(ii) The date of an interfund transfer request made on Form TSP-30 is the signature date set forth on the form by the participant; and

(iii) Central time will be used for determining the date on which a transaction is entered on the ThriftLine.

(d) *Cancellation of interfund transfer requests.* Interfund transfer requests may be canceled either in writing or by entering the cancellation of the ThriftLine.

(1) *Cancellation by letter.* A participant may cancel an interfund transfer request by submitting a letter to the TSP recordkeeper requesting cancellation. To be accepted, the cancellation letter must be signed and dated and must contain the participant's name, Social Security number, and date of birth. To be effective, the cancellation letter must be received on or before the 15th day of the month as of the end of which the interfund transfer is to be effective (or, if applicable, by the next

business day). Unless the letter states unambiguously the specific interfund transfer request it seeks to cancel, the written cancellation will apply to any interfund transfer request with a date (as determined under paragraph (c)(3) of this section) before the date of the cancellation letter. If the date of a cancellation letter is the same as the date of an interfund transfer request and the request was made on Form TSP-30, the Form TSP-30 will be canceled; if the request was made on the ThriftLine it will only be canceled if the written cancellation specifies the date of the ThriftLine request to be canceled.

(2) *Cancellation on the ThriftLine.* (i) An interfund transfer request may also be canceled by entering the cancellation on the ThriftLine on or before the 15th day of the month (or, if applicable, the next business day) as of the end of which the interfund transfer is to be effective. A cancellation entered on the ThriftLine will apply to a pending interfund transfer request entered on the ThriftLine before the entry of the cancellation. A cancellation entered on the ThriftLine can only apply to interfund transfer requests submitted on Forms TSP-30 that were:

(A) Dated on or before the date of the cancellation; and

(B) Received and entered into the TSP recordkeeping system before the cancellation is attempted on the ThriftLine.

(ii) The Board cannot guarantee that the TSP recordkeeper will enter Forms TSP-30 into the TSP recordkeeping system before the 15th day of the month, regardless of the date the Form TSP-30 may have been received. Thus, participants cannot rely on the ThriftLine to cancel an interfund transfer request that was submitted on Form TSP-30, and participants are discouraged from attempting to do so. The Board is not responsible for any consequences of a participant's inability to cancel on the ThriftLine an interfund transfer request submitted on Form TSP-30.

[60 FR 36633, July 17, 1995]

§ 1601.7 Error correction.

Errors in processing interfund transfers will be corrected in accordance

with the Error Correction Regulations found at 5 CFR part 1605.

PART 1603—VESTING

Sec.

1603.1 Definitions.

1603.2 Basic vesting rules.

1603.3 Service requirements.

AUTHORITY: 5 U.S.C. 8432(g), 8432b(h)(1), 8474(b)(5) and (c)(1).

SOURCE: 52 FR 29835, Aug. 12, 1987, unless otherwise noted.

§ 1603.1 Definitions.

Terms used in this part shall have the following meaning:

Agency automatic (1%) contributions means any contributions made under 5 U.S.C. 8432(c)(1);

CSRS means the Civil Service Retirement System established by 5 U.S.C. chapter 83, subchapter III, and any equivalent Federal Government retirement plan;

CSRS employee means any employee, Member, or participant covered by CSRS, including employees authorized to contribute to the Thrift Savings Plan under 5 U.S.C. 8351, or 5 U.S.C. 8440a to 8440d;

FERS means the Federal Employees' Retirement System established by 5 U.S.C. chapter 84, and any equivalent Federal Government retirement plan;

FERS employee means an employee, Member, or participant covered by FERS;

First conversion contributions refers to the retroactive agency contributions, including interest on these contributions, made under 5 U.S.C. 8432(c)(3)(C) to the TSP accounts of employees who were automatically converted to the Federal Employees' Retirement System on January 1, 1987;

Individual account means the total of all sums contributed to the Thrift Savings Plan by or on behalf of a CSRS employee or FERS employee, plus earnings allocated to the employee's account under 5 CFR part 1645;

Separation date means the effective date of an employee's separation from Government service;

Separation from Government service has the same meaning as provided in 5 CFR 1650.3;

Service means:

(1) Any non-military service that is creditable under either 5 U.S.C. chapter 83, subchapter III, or 5 U.S.C. 8411, provided however, that such service is to be determined without regard to any time limitations, any deposit or redeposit requirements contained in those statutory provisions after performing the service involved, or any requirement that the individual give written notice of that individual's desire to become subject to the retirement system established by 5 U.S.C. chapters 83 or 84; or

(2) Any military service creditable under the provisions of 5 U.S.C. 8432b(h)(1) and the regulations issued at 5 CFR part 1620, subpart H;

Vested means those amounts in an individual account which are nonforfeitable; and

Year of service means one full calendar year of service.

[62 FR 33968, June 23, 1997]

§ 1603.2 Basic vesting rules.

(a) All amounts in a CSRS employee's individual account are immediately vested.

(b) Except as provided in paragraph (c) of this section, all amounts in a FERS employee's individual account (including all first conversion contributions) are immediately vested.

(c) Except as provided in paragraph (d) of this section, upon separation from Government service without meeting the applicable service requirements of § 1603.3, a FERS employee's agency automatic (1%) contributions and attributable earnings will be forfeited.

(d) If a FERS employee dies (or died) after January 7, 1988, without meeting the applicable service requirements set forth in § 1603.3, the agency automatic (1%) contributions and attributable earnings in his or her individual account are deemed vested and shall not be forfeited. If a FERS employee died on or before January 7, 1988, without meeting those service requirements, his or her agency automatic (1%) contributions and attributable earnings are forfeited to the Thrift Savings Plan.

[52 FR 29835, Aug. 12, 1987, as amended at 62 FR 33969, June 23, 1997]